

Message Text

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PAGE 01 PARIS 24921 250102Z

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ACTION SCI-06

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AMEMBASSY ROME

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C O R R E C T E D C O P Y (REF LINE)

DEPT PASS AEC

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TAGS: TECHN, TGEN

SUBJ: URANIUM ENRICHMENT: EURODIF

DEPT PASS AEC

SUMMARY: FRENCH CEA OFFICIAL SAID THAT DECISION BY EURODIF ON
SITE FOR PROPOSED EUROPEAN ENRICHMENT PLANT IS DUE BEFORE END OF
YEAR. DECISION ON WHETHER TO BUILD THIS PLANT IS DUE SHORTLY
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PAGE 02 PARIS 24921 250102Z

THEREAFTER. DEADLINES HAVE BEEN ADVANCED OWING TO RELUCTANCE

OF EURODIF MEMBERS TO SEE POTENTIAL EUROPEAN CUSTOMERS SIGN LONG-TERM ENRICHMENT CONTRACTS WITH U.S. AEC. CONSTRUCTION OF PROPOSED PLANT WOULD BE OPEN TO PARTICIPATION BY U.S. FIRMS ON COMMERCIAL TERMS. END SUMMARY.

1. ON VISIT TO FRENCH COMMISSARIAT A L'ENERGIE ATOMIC (CEA) OFFICIAL GERARD VIAL, SCIATT RECEIVED BRIEFING ON EURODIF. EURODIF (FROM "EUROPEAN-DIFFUSION") IS A MULTINATION CONSORTIUM FORMED IN FEBRUARY 1972 TO STUDY THE ECONOMIC FEASIBILITY OF CONSTRUCTING A EUROPEAN GASEOUS DIFFUSION PLANT FOR ENRICHING URANIUM. PROJECTED CAPACITY WOULD BE ON ORDER OF NINE MILLION UNITS OF SEPARATIVE WORK ANNUALLY. AFTER WITHDRAWAL LAST SPRING OF GERMAN, DUTCH AND BRITISH PARTICIPANTS, EURODIF NOW INCLUDES ORGANIZATIONS FROM FIVE NATIONS. FRENCH SUPPORT ALMOST HALF THE EURODIF STUDY COSTS, BELGIANS 10 PERCENT, SWEDES 10 PERCENT, SPANISH 10 PERCENT AND ITALIANS 22 PERCENT (SPLIT EQUALLY BETWEEN CNEN AND AGIP NUCLEAR).

2. EURODIF NOW PLANS TO ADVANCE ITS SCHEDULE FOR REACHING A DECISION ON WHETHER TO RECOMMEND A EUROPEAN GASEOUS DIFFUSION ENRICHMENT PLANT TO THE BEGINNING OF 1974. EURODIF HOPES THEREBY TO HEAD OFF POTENTIAL CUSTOMERS FROM SIGNING LONG-TERM ENRICHMENT CONTRACTS WITH THE U.S. AEC -- A DEVELOPMENT WHICH WOULD DIMINISH THE MARKET FOR THE PROPOSED EUROPEAN PLANT.

3. FIRST, HOWEVER, EURODIF HOPES TO MAKE A RECOMMENDATION BEFORE CHRISTMAS REGARDING A SITE FOR THE PROPOSED PLANT. EACH PARTICIPANT HAS PROPOSED A LOCATION. THE FRENCH HAVE ANNOUNCED THEIR PREFERENCE FOR TRICASTIN IN SOUTH FRANCE A SHORT DISTANCE FROM THE SMALL ENRICHMENT PLANT AT PIERRELATTE. OWING TO UNAVAILABILITY OF ELECTRIC POWER TO FILL THE ENORMOUS NEEDS OF A LARGE DIFFUSION PLANT (ABOUT 2400 MWE), THE FRENCH PROPOSED TO CONSTRUCT TWO OR THREE NUCLEAR POWER REACTORS AS PART OF THE PLANT COMPLEX AND PERHAPS AUGMENT THIS WITH POWER FROM NEARBY SOURCES. THE SWEDES, ON THE OTHER HAND, HAVE PROPOSED A SITE IN NORTHERN SWEDEN, WHERE CHEAP HYDRO-ELECTRIC POWER CAN BE DEVELOPED.

4. VIAL SAID THE DISTRIBUTION OF COSTS OF PROPOSED PLANT, ESTIMATED AT \$1 BILLION, WAS NOT YET DECIDED. IN RESPONSE TO SCIATT QUESTION, HE SAID FRANCE PREFERRED A EUROPEAN EFFORT TO A PURELY LIMITED OFFICIAL USE

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PAGE 03 PARIS 24921 250102Z

NATIONAL EFFORT MAINLY ON GROUNDS OF SECURING CAPITAL INVESTMENT. HE DEEMED FUTURE MARKETING CONSIDERATION UNIMPORTANT IN THEIR PREFERENCE BECAUSE THERE IS MORE THAN ENOUGH FUTURE DEMAND FOR A NEW ENRICHMENT PLANT. HE HAD NO COMMENT ON WHETHER FRANCE WOULD PROCEED INDEPENDENTLY IF ITS EUROPEAN PARTNERS PROVED UNWILLING.

5. AGAIN IN RESPONSE TO SCIATT QUESTIONS, VIAL SAID THAT U.S. FIRMS WOULD NOT BE EXCLUDED FROM PARTICIPATING IN THE CONSTRUCTION

TION OF A EUROPEAN ENRICHMENT PLANT EITHER AS PARTNERS OR AS SEL-
LERS OF TECHNOLOGICAL SERVICES. THE FIRST ALTERNATIVE HE RECOG-
NIZED WAS UNLIKELY, BUT THE SECOND WAS CLEARLY POSSIBLE. ALREADY,
BECHTEL WAS DOING A SMALL STUDY FOR EURODIF.

6. FRENCH INITIATIVES OUTSIDE EUROPE DO NOT SEEM TO BE GOING WELL.
VIAL SAID THAT THE FRENCH WERE AWAITING A REACTION BY THE JAPANESE
TO THE FAVORABLE FRENCH-JAPANESE STUDY, CONCLUDED LAST SPRING, OF
THE FEASIBILITY OF A BILATERAL DIFFUSION PLANT. HOWEVER, THE
JAPANESE WERE TALKING TO EVERYONE, INCLUDING THE SOVIETS AND OF
COURSE THE AMERICANS. A CORRESPONDING EFFORT WITH THE AUSTRAL-
IANS HAS BEEN UPSET BY POLITICAL PROBLEMS ARISING FROM AUSTRALIAN
PROTESTS OVER FRENCH NUCLEAR WEAPON TESTING. VIAL ENVISAGED A
POSSIBLE ENRICHMENT PLANT BUILT IN AUSTRALIA WITH FRENCH TECHNO-
LOGY AND JAPANESE MONEY. HOWEVER, IT WAS OBVIOUS THAT THIS WAS
SPECULATION.

7. COMMENT: FINANCIAL AND MANAGERIAL CONSIDERATION WOULD APPEAR
TO RULE OUT A SITE OUTSIDE OF FRANCE FOR THE PROPOSED PLANT. THE
PREPONDERANT SHARE OF THE CAPITAL AND TECHNOLOGICAL LEADERSHIP
WOULD BE FRENCH. MOREOVER, TRICASTIN SITE COULD DRAW ON FRENCH
TECHNICAL CAPABILITIES AT NEARBY PIERRELATTE. THE MAJOR QUESTION,
HOWEVER, REMAINS FURTHER IN THE REALM OF SPECULATION. CAN THE
FRENCH PERSUADE OTHER EUROPEANS TO PARTICIPATE? IF NOT, WILL
THEY PROCEED INDEPENDENTLY? TIME MAY BE RUNNING SHORT. PER
REFTEL, EUROPEAN UTILITY INTERESTS FACE A DECEMBER 31, 1973 DEAD-
LINE FOR DECISIONS ON ORDERING U.S. AEC ENRICHMENT SERVICES FOR
PRE-JULY 1978 PLANTS. HENCE, THEY HAVE APPROACHED EURODIF AND
ITS COMPETITOR URENCO (THE CENTRIFUGE GROUP) ASKING FOR A BID ON
A HUGE ORDER FOR A 15-YEAR SUPPLY OF ENRICHMENT SERVICES. IN THE
UNLIKELY EVENT EURODIF, I.E., THE FRENCH, SECURED SUCH A ORDER,
THE CHANCES FOR THE PROPOSED DIFFUSION PLANT WOULD BE INCREASED.
EVEN WITHOUT IT, THE FRENCH HAVE SHOWN SKILL IN "TECHNOLOGICAL"
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PAGE 04 PARIS 24921 250102Z

DIPLOMACY MOST RECENTLY IN SECURING EUROPEAN PARTICIPATION IN A
\$500,000 L3S SPACE LAUNCHER, EVEN THOUGH IT MAKES LITTLE ECON-
OMIC SENSE EVEN TO INFORMED FRENCH OBSERVERS. LASTLY IT APPEARS
THAT THE FRENCH WOULD NOT ALLOW THEMSELVES TO BE EXCLUDED TECHNO-
LOGICALLY FROM THE EUROPEAN ENRICHMENT PICTURE. HENCE, EVEN IF
THEIR EUROPEAN PARTNERS ARE UNINTERESTED, THE FRENCH MIGHT WELL
BUILD A PLANT ON THEIR OWN.

DECONTROL: SEPTEMBER 21, 1974.
IRWIN

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